

To: Ontario Energy Board – Registrar

From: Kausar Ashraf, Power Advisory

Date: Oct 3, 2025

Re: EB-2025-0156 – Consultation on the Regulatory Treatment of Local Electricity Demand-Side Management (Stream 2) Programs

Thank you for the opportunity to provide input as part of this consultation. The following questions are submitted in advance of the October 8 stakeholder session to seek clarity on the process, requirements, and roles associated with the design and delivery of local eDSM programs.

The intent of these questions is to better understand how LDCs can effectively design and implement Stream 2 programs that provide value to both local customers and the provincial system, while ensuring consistency with the OEB's Benefit-Cost Analysis framework and other regulatory requirements. We look forward to discussing these questions at the stakeholder session and to receiving further guidance from the Board and IESO staff.

Questions for the OEB/IESO

A. Program Submission & Process

1. Can the OEB confirm whether a standardized template or application form will be provided to guide proponents in preparing Stream 2 program submissions? We note that the eDSM Report requested such forms and that *Staff-22* referenced collaboration between the OEB and IESO on developing a calculator/workflow
2. When will the window for applications/proposals be open? How long will the approval process take? It is important that there is timely approval of Stream 2 programs so that LDC staff and channel partners are able to set up the appropriate structures to start projects on time and give customers confidence in the delivery.
 1. Can the OEB confirm whether timelines will align with IRRP-identified local needs, where urgent capacity constraints may require fast action
3. Similar to the 2015-2020 Conservation First Framework, Would the OEB/IESO consider optional pre-submission meetings to ensure proposals are robust and complete
4. As noted in the eDSM report, programs involving new measures or program designs would not be eligible to participate in the streamlined review process and would be expected to seek other funding sources (e.g., Grid Innovation Fund or OEB Sandbox). In the absence of an active process to integrate new measures into the Measures and Assumptions List, this restriction risks duplicating existing programs and limits opportunities for distributors to propose innovative, cost-effective solutions to meet local needs.

What will be the validation process for new measures (solar storage, ventilation-based measured) ? Specifically, will the IESO establish a mechanism to actively review and

add new measures to the Measures and Assumptions List on a timely basis so that LDCs can incorporate them into Stream 2 program proposals?

5. In light of *Staff-10* and *Staff-11*, can the OEB clarify whether there will be any funding or cost recovery mechanisms available to support the upfront design and development of Stream 2 program proposals? If not, how does the OEB envision proponents covering the costs of program design prior to submission?
6. Given the responses to *Staff-7* and *Staff-8* (which emphasized avoiding duplication with Save on Energy programs), how will Stream 2 proposals be reviewed and approved to ensure they are considered complementary rather than duplicative? Will there be clear criteria or a screening process to make this distinction?

B. Benefit-Cost Analysis & Funding

6. As noted in *Staff-14*, Stream 2 programs will be assessed against the OEB's BCA Framework. Can the OEB clarify how the framework will be applied to measures with both local and provincial benefits? For example, will cost-effectiveness testing recognize combined impacts (e.g., customer, local distribution, and bulk system benefits)?
7. Further to the response in *Staff-14*, can the OEB confirm whether **value stacking** will be permitted in Stream 2 program evaluations? Specifically, will proponents be able to combine local distribution benefits, bulk system benefits, and greenhouse gas reductions in a single cost-effectiveness assessment?
8. As noted in *Staff-3*, qualitative benefits such as resilience, equity, and health may be assessed using the VASH methodology. Can the OEB clarify how these benefits will be incorporated into Stream 2 program evaluations, for example, will they be explicitly weighted in cost-effectiveness testing, or only considered qualitatively?
 1. If VASH is only noted qualitatively → those benefits may not shift the TRC or PAC test results, limiting their weight in approvals
9. Will the OEB consider adjusting filing thresholds or creating a streamlined approval pathway for smaller-scale or urgent Stream 2 programs? This would help ensure that programs addressing time-sensitive local needs can proceed without facing the same level of administrative burden as large-scale initiatives.

C. Program Delivery & LDC Role

10. Can the OEB clarify the degree of flexibility proponents will have to design geo-targeted DSM programs aligned with Regional Planning or IRRP needs? Staff responses emphasized avoiding duplication with provincial programs, but did not address whether Stream 2 can be explicitly leveraged to address local capacity constraints identified in IRRPs or NWA studies (example: greater incentive values for constraint areas)
 1. What role will Regional Planning Working Groups (e.g., IRRPs, NWAs) play in identifying and prioritizing potential Stream 2 programs? Since Staff responses

did not address this, clarity is needed on whether findings from IRRPs or NWA studies will formally guide or inform the approval process for local programs.

11. Will mechanisms be established for co-funding or cost-sharing when a Stream 2 program delivers both local and system-wide benefits? For example, if a program addresses local capacity needs but also reduces bulk system demand or emissions, will costs be shared between local ratepayers and the broader system?
12. Given *Staff-7* and *Staff-8 responses* emphasized avoiding duplication, how will coordination be ensured between Stream 1 (provincial Save on Energy programs) and Stream 2 (local programs)? Will there be a formal mechanism (e.g., joint OEB–IESO review, program mapping, or data-sharing process) to maximize complementarity while avoiding overlap?

These questions are offered to support constructive discussion at the stakeholder session. Clarifying these elements will help ensure that Stream 2 programs are designed and delivered in a way that addresses local system needs, advances customer value, and aligns with provincial policy objectives.